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Governor Baker Signs Fiscal Year 2019 Budget

Responsible spending plan dedicates significant funding for local aid, education, mental health and substance misuse services; boosts balance of Rainy Day fund

BOSTON – Today, Governor Charlie Baker signed the Fiscal Year 2019 (FY19) budget into law. The \$41.232 billion plan reinforces the Baker-Polito Administration’s commitment to structurally balancing the state budget, while investing \$4.91 billion towards K-12 education, providing over \$200 million to combat the opioid and heroin epidemic, increasing funding to build stronger communities and supporting the state’s workforce from job growth to public transit.

The FY19 budget anticipates a sizeable deposit in the Stabilization Fund, resulting in a net increase of \$368 million for this fiscal year and a total balance of \$2.15 billion by the end of FY19—which is nearly double the balance since the Baker-Polito Administration took office in 2015 and the highest amount in more than a decade.

The budget reflects the Administration’s commitment to reducing the reliance on one-time sources of revenue, down from nearly \$1.2 billion in Fiscal Year 2015 to \$95 million in FY19, a decrease of 92%. Consistent with the administration’s previous budgets, this plan does not raise taxes or fees. The FY19 budget represents a 3.2% increase in spending over estimated spending in Fiscal Year 2018 (FY18). The total \$41.232 billion in spending excludes the Medical Assistance Trust Fund transfer.

“Since taking office, our Administration has worked to reduce an inherited budget deficit, build our reserves by over \$1 billion and make targeted investments in education, the opioid epidemic and our cities and towns—all without raising taxes,”

said Governor Baker. “We are pleased to sign a balanced budget that manages taxpayer dollars in a fiscally responsible way, while providing a tax break for working families and support for critical services for every resident. Lt. Governor Polito and I appreciate our ongoing partnership with the Legislature to collaborate and compromise on this important blueprint for the upcoming fiscal year.”

The Commonwealth’s investment in Chapter 70 education aid to local schools will reach an all-time high of \$4.91 billion, an increase of \$160.6 million over FY18 and \$507 million since the Administration took office.

The budget also includes an increase in the state Earned Income Tax Credit from 23% to 30% of the federal tax credit, and builds on an earlier increase from 15% to 23% signed by the Governor in 2015. The tax credit increase, which was included in the Governor’s FY19 budget proposal, will provide additional tax relief for 450,000 filers, allowing working families in Massachusetts to retain more of their earnings. Next year an income-eligible family with three qualifying dependent children will receive a tax credit of nearly \$2,000, or \$458 more than at the current rate. The budget also increases the dairy farm tax credit.

The FY19 plan continues the Administration’s support of local communities with a \$37.2 million increase in unrestricted local aid, to \$1.1 billion, an increase of \$153.2 million since taking office. The budget includes \$5.3 million for the Community Compact Cabinet program, and FY19 funding will reach \$6.8 million total, pending approval by the Legislature of \$1.5 million in additional funds. Chaired by Lt. Governor Karyn Polito, the Community Compact promotes municipal best practices and supports efficiency and regionalization grants for cities and towns. As of May 2018, all 351 cities and towns in the Commonwealth have signed compacts with the Commonwealth.

“Our Administration has made it a priority to be a reliable partner for cities and towns across the Commonwealth, and this budget reaffirms that commitment,” **said Lt. Governor Polito.** “This plan will make significant investments in education and local aid, as well as grant programs to support local economic development and public safety initiatives.”

The FY19 budget continues the Administration’s focus on addressing opioid addiction and substance misuse, funding \$203 million across multiple agencies (not including MassHealth) for treatment and services for individuals with substance use disorder, an approximately 70% increase since 2015. The budget will continue support for women’s addiction treatment services at Taunton State Hospital and programs at the Massachusetts Alcohol and Substance Abuse Center in Plymouth.

The budget makes a major investment in behavioral health with a \$109 million increase in funding for the Department of Mental Health, which includes \$83.8 million for Adult Clinical Care Services to improve community-based services for adults with serious mental illness.

The Department of Children and Families will receive \$1 billion in funding, an increase of \$34.2 million over FY18. Since 2015, funding for DCF has increased by \$180.2 million, which has supported the hiring of more than 600 new employees to address the critical infrastructure needed to run the agency.

The budget makes important progress toward funding accounts that traditionally have been underfunded and typically require significant supplemental appropriations, including snow and ice removal, legal services for the poor, and emergency shelter for the homeless.

“Working with our partners in the House and Senate we make great progress in this budget toward funding the cost of services that we know the Commonwealth will incur, to maintain structural balance, and to build our reserves, all of which are important to responsible budgeting,” **said Secretary of Administration and Finance Michael J. Heffernan.** “This budget is a continuation of our efforts to plan and spend taxpayer resources more efficiently and maximize our investments.”

The Massachusetts Department of Transportation receives \$582.5 million in funding, including the MBTA and Regional Transit Authorities. The MBTA will receive \$127 million in state support in FY19 to build on the Administration’s commitment to improve financial sustainability at the T, in addition to the annual \$1 billion sales tax transfer.

As part of the budget-signing, Governor Baker vetoed \$49 million in gross spending, including 297 earmarks. Of 110 outside sections, the Governor signed 91, and returned 19 to the Legislature with proposed amendments.

In addition to signing the budget today, Governor Baker urged the Legislature to act on a supplemental budget proposal filed on July 13 that invests \$150 million for new programs to support education and school safety, including \$40 million to fund more school counselors, social workers and psychologists, \$30 million for targeted intervention and turnaround efforts in school districts with high concentrations of low-income students and \$15 million to fund community college scholarships to cover unmet tuition costs for students with financial need. The supplemental budget also recommends an additional \$50 million to fund local road and bridge projects.

Key FY19 Budget Highlights:

Education

- Highest-ever level for Chapter 70 education aid, \$4.91 billion, an increase of \$160.6 million (3.4%) over FY18 estimated spending
 - An increase of \$33.3 million in Chapter 70 aid to help address the rising costs of healthcare, as recommended by the Foundation Budget Review Commission
 - \$15 million in state aid for school districts educating a significant number of students who are evacuees from Puerto Rico and the Virgin Islands
- \$319.3 million in special education circuit-breaker funding to assist cities and towns with unanticipated or unbudgeted costs of special education and out of district tuition, a 9% increase over FY18 spending.
- Over \$100 million in scholarship assistance for students pursuing post-secondary education at public campuses across the Commonwealth
- \$7.4 million (12%) increase for Regional School Transportation over FY18 spending
- \$7 million (8%) increase for Charter School Reimbursement over FY18 spending
- \$5 million for Connecting Activities, providing paid internships for 10,000 high school students, prioritizing participation in STEM fields
- \$1.8 million in new funding to establish high-quality Early College pathways, to support students who will earn at least 12 college credits before graduating high school

Tax changes

- Increase in state Earned Income Tax Credit from 23% to 30% of the federal credit
 - For income-eligible families, this represents a doubling of the credit from 2015
 - Eligible family with three qualifying dependent children will see up to a \$458 increase in the available credit, to nearly \$2,000
- Increase in the dairy tax credit cap from \$4 million to \$6 million

Building Stronger and Safer Communities

- \$1.1 billion in unrestricted local aid, a 3.5%, or \$37.2 million, increase over FY18
- \$8 million for Shannon grants to address gang violence
- \$5.3 million for Community Compact (additional \$1.5 million pending in FY18 supplemental budget, filed July 13)

Substance Misuse

- A total of \$203 million across several agencies for substance misuse treatment and services (not including MassHealth spending) an increase of approximately 70% since 2015
 - Includes \$161.8 million at the Department of Public Health, a \$9 million increase over FY18 spending, for substance misuse prevention and treatment services
 - \$13.2 million to support 45 substance misuse treatment beds at Taunton State Hospital
 - \$10.8 million for the Massachusetts Alcohol and Substance Abuse Center, a 10% increase above FY18 spending

Department of Children and Families

- \$1 billion in funding for the Department of Children and Families, an increase of \$34.2 million over FY18
 - Since 2015, funding for DCF has increased by \$180.2 million

Mental Health

- \$876 million for the Department of Mental Health, an increase of nearly \$109 million over FY18, including \$83.8 million for Adult Clinical Care Services (ACCS), representing an increase of \$140 million for DMH since 2015.

Health and Human Services

- \$25 million to fully fund the Department of Developmental Services “Turning 22” program, an increase of \$2.1 million over FY18
- \$8.1 million for the Safe and Successful Youth Initiative, a youth violence prevention and intervention initiative operating in cities with the highest incidences of youth crime

Economic Development

- \$5 million for the Workforce Competitiveness Trust Fund, which will provide grants to support training and certification programs to help bridge the skills gap
- \$2 million for Small Business Technical Assistance grants, an increase of \$1.25 million increase above FY18 spending, to provide technical assistance, education, and access to capital to small businesses.
- \$1 million for Learn to Earn, providing grants designed to help build career pathways for unemployed and underemployed individuals and talent pipelines for businesses
- \$500,000 for the Urban Agenda grant program

Transportation

- \$582.5 million for MassDOT, the MBTA and Regional Transit Authorities
 - \$127 million in state support for the MBTA (in addition to annual \$1 billion transfer from sales tax)
 - \$88 million in state support for RTAs, a \$7.6 million increase over FY18

Energy and Environment

- \$18.4 million to support 20.7 million healthy and nutritious meals for individuals dealing with food insecurity
- \$10.8 million in funding for environmental law enforcement, which will include support for a new class of 10 Environmental Police officers
- \$2.2 million in new funding for municipal technical support, climate science, and targeted investments in environmental justice

[Link to FY19 Budget](#)

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